



REPORT TO: HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD –
27 MARCH 2024

REPORT ON: DUNDEE INTEGRATION JOINT BOARD PROPOSED BUDGET 2024/25

REPORT BY: CHIEF FINANCE OFFICER

REPORT NO: DIJB10-2024

1.0 PURPOSE OF REPORT

The purpose of this report is to advise Dundee Integration Joint Board of the implications of the proposed delegated budget for 2024/25 from Dundee City Council and indicative budget from Tayside NHS Board and to seek approval for the range of investments and expenditure proposed to set a balanced budget for Dundee Health and Social Care Partnership for 2024/25.

2.0 RECOMMENDATIONS

It is recommended that the Integration Joint Board (IJB):

- 2.1 Notes the implications of the proposed delegated budget to Dundee Integration Joint Board from Dundee City Council and indicative delegated budget from Tayside NHS Board for 2024/25 as set out in sections 4.2 and 4.4 of this report.
- 2.2 Accepts the delegated budget proposed by Dundee City Council as set out in section 4.4 and Table 3 within this report.
- 2.3 Instructs the Chief Finance Officer to report back to the IJB following receipt of formal notification from Tayside NHS Board of the budget offer with associated recommendations including any implications of the finalisation of lead partner budgets on the IJB's net budget position.
- 2.4 Notes the range of estimated cost pressures and funding uplifts anticipated to impact on the IJB's 2024/25 delegated budget (Appendix 1).
- 2.5 Approves an uplift to staff pay element of Adult Social Care Providers' Contract Value to enable the increased hourly wage payment to staff providing direct care with effect from April 2024, with all other externally contracted service payments remaining at 2023/24 levels (as detailed in 4.6.2).
- 2.6 Approves the budget savings and financial support from reserves as outlined in Appendix 2 to this report.
- 2.7 Remits to the Chief Officer to issue directions as set out in Section 8 of this report.

3.0 FINANCIAL IMPLICATIONS

The proposals outlined in this report set out an overall budget for 2024/25 for Dundee Integration Joint Board of £301.2m as noted in section 4.9 of this report.

4.0 MAIN TEXT

4.1 Background

- 4.1.1 Report DIJB71-2023 set out an initial overview of the budget setting process for 2024/25, and the information that was known or indicative at that time (Article XII of the minute of the meeting of the Dundee Integration Joint Board held on 13th December 2023 refers). This was the first in a series of budget development reports to ensure the IJB was fully informed of the financial environment impacting on Dundee City Council, NHS Tayside and ultimately the IJB's delegated budget.
- 4.1.2 In February 2023, a further report was submitted to the IJB, which provided additional detail in relation to Scottish Government's Draft Budget Bill, the anticipated budget settlement proposal from Dundee City Council and the indicative budget information from NHS Tayside (Article VIII of the minute of the meeting of the Dundee Integration Joint Board held on 21st February 2023 refers).
- 4.1.3 Since then, further work has been undertaken to refine the financial assumptions included in the delegated budget. The detail of this is set out in Appendix 1
- 4.1.4 The factors noted above have shaped the development of Dundee Health and Social Care Partnership's proposed 2024/25 budget which is set out within the following sections.

4.2 Proposed NHS Tayside Delegated Budget

- 4.2.1 NHS Tayside's Financial Plan 2024/25 has been submitted to the Scottish Government as part of the Local Delivery Plan and is expected to be signed off by Tayside NHS Board on 25 April 2024 therefore the figures contained in this report are indicative at this stage. Compared to 2023/24 budgets, NHS Boards will receive a total increase of 4.3% for 2024/25 to cover costs related to the 2023/24 pay deals as well as baselining £100m of sustainability and distribution funding (NRAC) provided in 2023/24. Funding for pay awards for 2024/25 will be revisited following the outcome of the 2024/25 pay negotiations. The impact of the settlement for NHS Boards once these are taken into consideration is a flat cash settlement with Boards expected to manage pressures within existing envelopes. This is a change from previous years where a baseline uplift has been provided for all baselined spend with an upward adjustment being applied retrospectively for staff pay. The impact of this on projections of funding for the IJB will see a further pressure on non-pay costs within delegated NHS services given the NHS settlement is worse than anticipated in previous financial planning.
- 4.2.2 The indicative budget currently assumes a 'flat cash' settlement from NHS Tayside to Dundee IJB, plus a share of 2023/24 pay award funding, with additional funding once the outcome of 2024/25 pay award negotiations are known. Until the NHS Tayside budget is approved, this remains a provisional position and at this time, the Chief Finance Officer is unable to comment as to whether the final budget offer is in line with the parameters set out by the Scottish Government.

4.3 Large Hospital Set Aside

- 4.3.1 A key component of the overall funding of health and social care is in relation to progressing the arrangements to release resources through the Large Hospital Set Aside mechanism. The system reform assumptions in the Scottish Government's Health and Social Care Medium Term Financial Framework include material savings to be achieved from reducing variation in hospital utilisation across partnerships. Planning across the whole unplanned care pathway is key to delivering this objective. NHS Tayside have not as yet provided a calculation for the large hospital set aside for 2024/25 and this will be incorporated into the final budget once agreed. There is currently no provision for a further release of resources to Dundee given the current demands on the acute sector.

4.4 Dundee City Council Budget Implications

- 4.4.1 Dundee City Council approved its budget on the 29th February 2024 which set out the net budget offer to the IJB. The changes to the delegated budget as part of this offer are set out in table 1 below and consists of a 'flat cash' settlement to the IJB's core funding with no provision for inflationary pressures and no savings adjustments.
- 4.4.2 As part of the national Local Government Budget Settlement from the Scottish Government, additional funding of £230 million has been provided to deliver a £12.00 per hour minimum pay settlement for adult social care workers in commissioned services, in line with the Real Living Wage Foundation rate. The budget settlement also provides funding to support the uprating of Free Personal and Nursing Care with additional funding of £11.5m provided nationally.
- 4.4.3 Local Government has also received additional funding on a recurring basis to contribute to the additional cost of the 2023/24 pay award.
- 4.4.4 The Scottish Government's direction on funding for the £12 per hour and for Free Personal and Nursing Care explicitly states that this is to be additional to each council's existing recurrent 2023/24 budget levels for social care. By passing this additional Scottish Government funding on to the IJB's delegated budget, Dundee City Council has met this minimum requirement.

Table 1 – Dundee City Council Budget Uplift Details

	£000
Inflationary Uplift	0
Recurring Share of 2023/24 Additional Pay Award	1,010
Net Council Uplift	1,010
Additional Scottish Government Funding (share of £231.5m):	
- Free Personal Care Uprating	329
- Adult Social Care Pay Uplift (£12.00 from April 2024)	6,578
Total Net Additional Funding	7,917

4.5 Delegated Budget Anticipated Financial Pressures

- 4.5.1 The IJB's delegated budget will be subject to a range of cost pressures over the course of 2024/25. Significant increases in demand for health and social care services has emerged during 2023/24 due to the impact of an increasingly frail population and ongoing demographic changes. This is now recognised as a recurring pressure, with further provision for growth for increased social care in older people and adult. Utilisation of non-recurring savings solutions in 2023/24 also creates a cost pressure gap when planning for 2024/25. The range of cost pressures the IJB is likely to experience in 2024/25 are summarised and set out in table 2 below.

Table 2 – IJB Delegated Budget Anticipated Cost Pressures

	£000
Non-recurring savings 2023/24	3,700
2023/24 Emerging budget pressures	3,500
Estimated Staff Pay increases*	2,372
Increase to Commissioned Services (including Real Living Wage, NCHC and FPC Uplift)	6,985
Provision for Demographic Pressures	2,046
Total	18,603

* DCC employed staff only; current assumption of net £nil impact for NHST employed staff with additional funding to be revisited by Scottish Government once the outcome of pay award negotiations is known

- 4.5.2 The cost pressures will continue to be monitored throughout the 2024/25 financial year through the IJB's regular financial monitoring reporting process with any risks highlighted to the IJB.

4.6 Provision For 3rd Sector Rolling Contract Uplifts

- 4.6.1 The delegated budget funds a range of health and social care services provided by the third and independent sector on behalf of the Health and Social Care Partnership. These arrangements are governed by contractual frameworks with baseline funding agreed at the commencement of the service through tendering or other procurement processes. Subsequent increases in the level of contractual funding for these (other than to reflect changing needs of individual service users) are a matter for the commissioning body to decide.
- 4.6.2 As highlighted in 4.5, Scottish Government additional funding is being made available to support a further pay uplift for Adult Social Care staff providing direct care to at least £12.00 per hour with effect from April 2024.
- 4.6.3 To avoid individual contract negotiations, national weighted percentages have been set to uplift contract values, in line with proportion of typical workforce costs, and revised Contract Variations Letters will be issued accordingly. Care providers must spend this uplift on staff costs only.
- 4.6.4 The IJB is asked to approve this payment of increased Contract Payments to Providers with effect from April 2024 to ensure the pay uplift for Adult Social Care staff is actioned appropriately in line with Scottish Government policy. The IJB is also asked to maintain all other externally contracted services payment commitments at the 2023/24 level.

4.7 Reserves Position

- 4.7.1 At the financial year end 2022/23 the IJB's reserves stood at £23,968k. This primarily consisted of earmarked reserves in relation to Scottish Government funding including Mental Health, Primary Care, and Alcohol and Drug Partnership, along with set side funding to support the 2023/24 budget plan and Transformation and Strategic Developments. During the 2023/24 financial year, the Scottish Government continued a policy of only releasing some grant funding for the delivery of specific national policy objectives once reserve funding held by IJB's was applied.
- 4.7.2 The Integration Scheme risk sharing agreement notes that should there be any residual overspend in operational services at the end of the financial year, reserves should be drawn on prior to overspends being picked up by the partner bodies. The IJB has a reserves policy which states that reserves should be at a level of around 2% of budgeted resources therefore an appropriate level of reserves would equate to around £6.0m for Dundee IJB. While the IJB's latest operational financial monitoring position for 2023/24 is showing a projected overspend to the year end, the final draft position will not be known until mid-May. It is currently projected that the total reserves available to the IJB for 2024/25 will be approximately £14,395k consisting of around £4,386k of committed reserves and £10,009k of uncommitted reserves. It is therefore anticipated that there will remain to be sufficient uncommitted reserves available in 2024/25 and meet the IJB's reserves strategy.

4.8 Net IJB Budget Position – Budget Balancing Proposals

- 4.8.1 The impact of all the elements in the previous sections on the proposed delegated budget is noted in Appendix 1 attached. This highlights the additional funding provided to the IJB and additional associated expenditure. Once these are all applied, there is a financial gap of £10.6m for which financial savings and other financial interventions will be required to provide a balanced budget for 2024/25.
- 4.8.2 Throughout the IJB's 2024/25 budget development process, officers from Dundee Health and Social Care Partnership have continued to review current expenditure against budgets, and factors likely to impact on expenditure during 2024/25 to identify how the IJB could manage the financial gap without impacting on the delivery of front-line services which continue to face significant demand pressures. Based on this review, a range of proposals to manage the financial gap have been identified and are set out in detail in Appendix 2 for approval by the IJB.

4.9 Proposed Dundee IJB Delegated Budget 2024/25

- 4.9.1 Factoring all of the above against the delegated budget results in a proposed position for 2024/25 as noted in Table 3 below.

Table 3 – Dundee Health & Social Care Partnership Proposed Delegated Budget 2024/25

	Dundee City Council	NHS Tayside (indicative only)*	Total Proposed Budget 2024/25
	£m	£m	£m
2023/24 Baseline Budget			
Hospital & Community Based Services		101.0	101.0
Family Health Services Prescribing		36.9	36.9
General Medical Services		53.0	53.0
Large Hospital Set Aside (value tbc)			
Adult Social Care	102.4		102.4
Total Baseline Budget	102.4	190.9	293.3
Add:			
Pay Award Uplifts	1.0	tbc	1.0
Inflationary Uplifts			0.0
Investment in New Scottish Govt Legislation/National Policy	6.9		6.9
Total Proposed Budget 2024/25	110.3	190.9	301.2
Note:			
Hosted Services Transfer Out		tbc	tbc
Hosted Services Transfer In		tbc	tbc

Note* - Figures to be confirmed once NHS Tayside final budget agreed.

- 4.9.2 The scale and pace of the delivery of the IJB's Strategic Commissioning Framework is dependent on the level of resources delegated to the IJB. Officers within the Health and Social Care partnership will continue to review and develop Services and Transformation Plans to reflect the changing demands, working practices and demographic needs. Relevant plans and proposals will be presented to the IJB and will be incorporated into future budget planning to ensure a financially sustainable Strategic Commissioning Framework beyond 2024/25.

5.0 POLICY IMPLICATIONS

- 5.1 This report has been subject to an Integrated Impact Assessment to identify impacts on Equality & Diversity, Fairness & Poverty, Environment and Corporate Risk. An impact, positive or negative, on one or more of these issues was identified. An appropriate senior manager has checked and agreed with this assessment. A copy of the Integrated Impact Assessment showing the impacts and accompanying benefits of / mitigating factors for them is included as an Appendix to this report.

6.0 RISK ASSESSMENT

Risk 1 Description	There is a risk that the IJB will not be able to balance its resources and achieve its strategic objectives should the combination of the level of funding provided through the delegated budget and the impact of the IJB's Transformation Efficiency Programme be insufficient.
Risk Category	Financial
Inherent Risk	Likelihood 4 x Impact 4 = 16 (Extreme)

Level	
Mitigating Actions (including timescales and resources)	Additional Scottish Government Funding provided Developing a robust and deliverable savings programme. Negotiations with Dundee City Council and NHS Tayside to agree the most advantageous funding package as part of the development of the IJB's delegated budget. Application of IJB's reserves
Residual Risk Level	Likelihood 3 x Impact 4 = 12 (High)
Planned Risk Level	Likelihood 2 x Impact 4 = 8 (High)
Approval recommendation	Although the risk levels remain high, the development of a savings plan and availability of reserves will reduce the risk level.

7.0 CONSULTATIONS

7.1 The Chief Officer and the Clerk were consulted in the preparation of this report.

8.0 DIRECTIONS

8.1 The Integration Joint Board requires a mechanism to action its strategic commissioning plans and this is provided for in sections 26 to 28 of the Public Bodies (Joint Working)(Scotland) Act 2014. This mechanism takes the form of binding directions from the Integration Joint Board to one or both of Dundee City Council and NHS Tayside.

Direction Required to Dundee City Council, NHS Tayside or Both	Direction to:	
	1. No Direction Required	
	2. Dundee City Council	
	3. NHS Tayside	
	4. Dundee City Council and NHS Tayside	✓

9.0 BACKGROUND PAPERS

9.1 None.

Christine Jones
Acting Chief Finance Officer

DATE: 8 March 2024

DIRECTION FROM DUNDEE CITY INTEGRATION JOINT BOARD

1	Reference	DJJB10-2024
2	Date Direction issued by Integration Joint Board	27 March 2024
3	Date from which direction takes effect	1 April 2024
4	Direction to:	NHS Tayside & Dundee City Council
5	Does this direction supersede, amend or cancel a previous direction – if yes, include the reference number(s)	Yes
6	Functions covered by direction	All delegated services.
7	Full text of direction	Dundee Integration Joint Board directs Dundee City Council and NHS Tayside to provide health and social care services as commissioned by Dundee Integration Joint Board within the resources allocated as set out in this report, subject to formal notification from NHS Tayside as to the level of budget offer. Further Directions will be issued by Dundee Integration Joint Board during 2024/25 as to the future provision of these services.
8	Budget allocated by Integration Joint Board to carry out direction	To be confirmed once the final budget has been agreed following formal notification from NHS Tayside as to the level of budget offer
9	Performance monitoring arrangements	Through regular financial monitoring reports to Dundee Integration Joint Board.
10	Date direction will be reviewed	June 2024 (following receipt of NHS Tayside's formal budget offer)

Appendix 1

DUNDEE HEALTH AND SOCIAL CARE PARTNERSHIP		
REVENUE BUDGET 2024/25		
		Total Delegated Budget Cost Pressures
Cost Pressures 2024/25		£000
Non-recurring savings 2023/24		3,700
2023/24 Emerging budget pressures		3,500
Estimated Staff Pay increases*		2,372
Increase to Commissioned Services (including Real Living Wage, NCHC and FPC Uplift)		6,985
Provision for Demographic Pressures		2,046
Total Cost Pressures		18,603
Funding Increases:		
Additional Scottish Government Funding (Passed through Dundee City Council)		6,907
Dundee City Council		1,010
NHS Tayside		0
Total Anticipated Additional Funding		7,917
Net Anticipated Residual Funding Shortfall		10,686

* DCC employed staff only; current assumption of net £nil impact for NHST employed staff with additional funding to be revisited by Scottish Government once the outcome of pay award negotiations is known

Dundee Integration Joint Board Budget Savings / Initiatives 2024/25

	Savings / Initiative	2024/25 Value £000
	Recurring Proposals	
1)	Dundee City Council Review of Charges – Additional Income	313
2)	Additional Community Alarm Charge to DCC Housing	34
3)	Redirect existing budget underspends	1,400
4)	Reduction in Care Home Placements	1,100
5)	Review of Day Care Services	400
6)	Review of Direct Payment Commitments	100
7)	Care at Home Contract Efficiency review	447
8)	Review of Transport	150
9)	Use of Physical Resources / Quality of Environment	200
10)	Review of Contractual Commitments	300
11)	Review of residual Practical Support Service	150
12)	Reduced Employer Contribution rate to DCC Pension scheme	300
	Total Recurring Savings / Initiatives	4,894
	Non-Recurring Proposals	
13)	Utilisation of IJB Reserves	4,000
14)	Management of natural staff turnover – continuation of 23/24	700
15)	Management of natural staff turnover / vacancy management	600
16)	Return of additional investment from Prescribing	493
	Total Non Recurring Savings / Initiatives	5,793
	Total Savings / Initiatives	10,687

Detailed Overview of Saving / Initiative**Note 1) Dundee City Council Review of Charges – Additional Income**

The setting of annual charges for social care services is not a delegated matter for the IJB and remains a retained function of the local authority. Dundee City Council agreed an increased level of charges for social care at its Budget meeting held on the 29th February 2024. The additional income anticipated to be generated by the increased level of charges is subsequently taken into the IJB's budgeted position. The review of charges document approved by Dundee City Council can be found here: [https://www.dundee.gov.uk/reports/agendas/cg290224\(Budget\)ag.pdf](https://www.dundee.gov.uk/reports/agendas/cg290224(Budget)ag.pdf)

As it is Dundee City Council who are the decision-making body in relation to charging they are also the body required to consider responsibilities under the Public Sector Equality Duty in relation to equality impact assessment. For this reason, additional income from the review of charges has not been assessed as part of the IJB Integrated Impact Assessment attached to this report.

Note 2) Additional Community Alarm Charge to DCC Housing

Increased income following review of charging rates to DCC Housing to provide the out of hours community response to sheltered housing tenants when there is no sheltered housing cover.

As it is Dundee City Council who are the decision-making body in relation to charging they are also the body required to consider responsibilities under the Public Sector Equality Duty in relation to equality impact assessment. For this reason, additional income from the review of charges has not been assessed as part of the IJB Integrated Impact Assessment attached to this report.

Note 3) Redirect existing budget underspends

Recognition of consistently lower spend within existing budget areas, with plans to cap these budgets to reflect the current spend and activity levels and redirect the surplus budget.

Note 4) Reduction in Care Home Placements

Proposed net reduction of around 34 Care Home placements per annum commissioned from the private and voluntary sector reflecting ongoing shift in demand and anticipated market changes within Dundee.

Note 5) Review of Day Care Services

Review of in-house and commissioned Older People day care provision to better support the assessed needs of individuals closer to home and better utilise available capacity and services across the city.

Note 6) Review of Direct Payment Commitments

Review of Direct Payment values to individuals, recognising that in a number of cases, significant unspent balances are often returned from individuals.

Note 7) Care at Home Contract Efficiency review

Contract and operational review to minimise downtime and support providers to maximise service user contact time.

Note 8) Review of Transport

Introduce and implement a transport policy aligned to the provision of support services for people with learning disabilities. A project management approach will be taken over a maximum period of 12 months to co-produce the policy and implementation plan. A set of principles will underpin the policy to ensure greater equity and fairness where provision includes transport, and clarity about circumstances where transport is not part of provision.

Note 9) Use of Physical Resources / Quality of Environment

Review all physical accommodation resources that currently support people with learning disabilities and mental health challenges. Disinvest in accommodation in circumstances where an improved quality of environment can be offered to individuals. Continue to prioritise future accommodation needs for individuals within a retracted overall level of resource.

Note 10) Review of Contractual Commitments

Ensure best use of overall resources within and across all contractual arrangements supporting people with learning disabilities and mental health challenges. Explore systematically demand, capacity and delivery patterns to ensure efficiency and potential rebasing of some contract values.

Note 11) Review of Practical Support Service

Review of residual budgeted allocation for the service which has not been delivered since the Covid-19 pandemic.

Note 12) Reduced Employer Contribution rate to DCC Pension scheme

Reduction in Local Government Pension Scheme Employer Pension Contributions from 17% to 15.7%.

As it is Dundee City Council who are the decision-making body in relation to the contribution rate they are also the body required to consider responsibilities under the Public Sector Equality Duty in relation to equality impact assessment. For this reason, the reduced employer contribution rate to DCC pension scheme has not been assessed as part of the IJB Integrated Impact Assessment attached to this report.

Note 13) Utilisation of IJB Reserves

Given the anticipated level of reserves available to the IJB at the start of the 2024/25 financial year, it is proposed that utilisation of reserves to the value of £4.0m is applied.

Note 14) Management of natural staff turnover – continuation of 23/24

Staff costs expenditure within the Health and Social Care Partnership's budget has been consistently underspent over the last three financial years with the primary driver being the impact of recruitment challenges to a range of disciplines. This is an issue experienced across the country as well as spanning all professions and job-families and not specific to the local area. Recruitment activity has continued and the situation does not reflect any policy decision to purposefully slow down or stop recruitment to posts. In recognition that this is likely to continue over the financial year 2024/25 it is proposed that budgets continue to be adjusted accordingly to reflect the reality of the situation. The IJB's workforce strategy alongside developing recruitment initiatives delivered by the partner bodies and the Scottish Government (eg social care recruitment campaign) will support future recruitment, therefore it is proposed that this is a non-recurring budget adjustment continues for 2024/25.

Note 15) Management of natural staff turnover / vacancy management

Further to note 15, it is proposed to extend the non-recurring budget adjustment in recognition that staffing costs during 2023/24 absorbed the existing savings target and reported a further underspend, it is proposed that an additional budget adjustment is agreed for 2024/25. Both Dundee City Council and NHS Tayside are continuing to implement policies to promote staff wellbeing and support return to work after periods of absence, which should have a further positive impact on vacancy management.

Note 16) Return of additional investment from Prescribing

Recognition of the investment agreed in 2023/24 to reflect anticipated significant volume and pricing growth which has not yet fully materialised at these levels. Growth projections for 2024/25 indicate some investment can be retained on a non-recurring basis to support the wider pressures being experienced.